GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3479
ANSWERED ON:16.04.2002
FERTILIZER SUBSIDY TO THE FARMERS
CHANDRAKANT BHAURAO KHAIRE

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government have been reported that benefits of fertilizers subsidy are not reaching the farmers;

(b) if so, the details thereof;

(c) whether the Government have got the matter investigated;

(d) if so, the details thereof and if not, the reasons therefor;

(e) whether the Government propose to take some action based on the investigation to avoid repetition of same in future;

(f) if so, the details thereof; and

(g) if not, the reasons therefor ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI S. B. MOOKHERJEE)

(a) to (g): In order to make available fertilizers at affordable prices, the Government provides subsidy on urea and concession on decontrolled potassic and phosphatic fertilizers. Government fixes maximum retail price (MRP) in caseof urea, the only controlled fertilizer, and indicates MRPs in case of decontrolled P&K fertilizers. The MRPs of Single Super Phosphate are indicated by respective State Governments. The fertilizers are sold at uniform MRP and indicativeMRPs, as the case may be, to the farmers throughout the country, which are far less then the cost of production of fertilizers. The subsidy/concession is paid to fertilizer manufacturers which consequently benefits the farmers. Thus, the benefit is passed on to the farmers in the form of uniform and subsidised MRPs.

The Government is seized of the matter relating to excess drawal ofsubsidy by some urea manufacturing companies on account of understatement of capacity of their units. The Government had appointed a Committee of Expertsunder the chairmanship of Dr. Y.K. Alagh to address the total issue of the assessment of capacity including recoveries that may have to be effected. The Committee has submitted its report on 29.3.2001. Pending the Government's decision on the report of Alagh Committee, an interim reassessment of capacity of high capacity urea units has already been carried out w.e.f. 1.4.2000 resulting in a saving of Rs. 450 crores per annum approximately.

Besides, the excess drawal of subsidy on account of non revision of consumption norms has also been reported. Keeping in view the recommendation of the Joint Parliamentary Committee in 1992, the consumption norms were notrevised in the VI Pricing Period which was extended till 30.6.1997. However, pending Government's decision on the policy parameters for the VII and VIIIpricing periods including consumption norms, the Government has carried out the interim revision of consumption norms w.e.f. 1.4.2000 based on the actual levels achieved in 1999-2000, or the existing level, whichever is lower.